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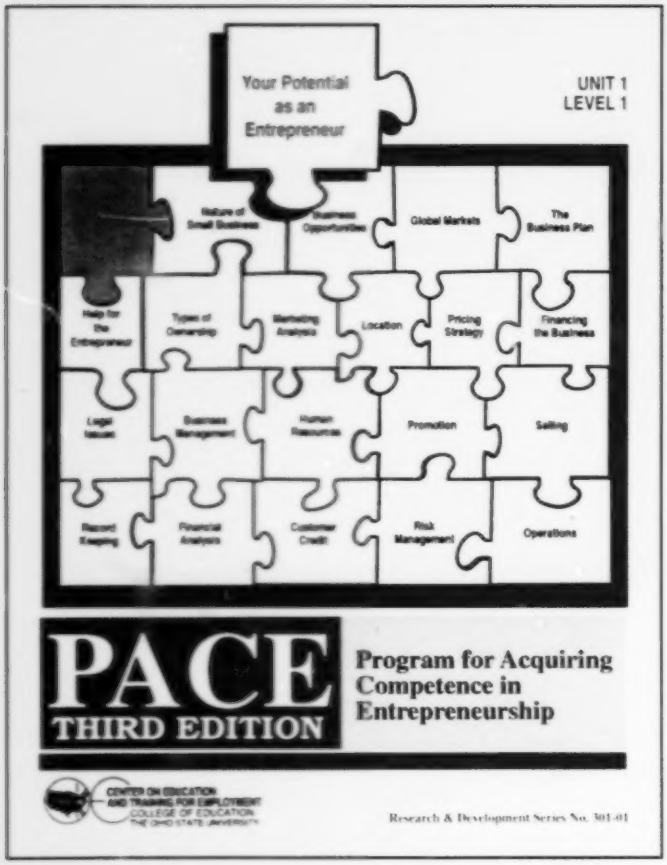
ABSTRACT

This instructor guide for a unit on entrepreneurship potential in the PACE (Program for Acquiring Competence in Entrepreneurship) curriculum includes the full text of the student module and lesson plans, instructional suggestions, and other teacher resources. The competencies that are incorporated into this module are at Level 1 of learning--understanding the creation and operation of a business. Included in the instructor's guide are the following: unit objectives, guidelines for using PACE, lists of teaching suggestions for each unit objective/subobjective, model assessment responses, and overview of the three levels of the PACE program. The following materials are contained in the student guide: activities to be completed in preparation for the unit, unit objectives, student reading materials, individual and group learning activities, case study, discussion questions, assessment questions, and references. Among the topics discussed in the unit are the following: what entrepreneurship is, how entrepreneurship benefits the economy, whether entrepreneurship can be learned, how people's needs relate to entrepreneurship, what entrepreneurship is about, characteristics of successful entrepreneurs, aptitudes/skills needed by entrepreneurs, ways of learning about owning a business, advantages and disadvantages of being an employee, advantages and disadvantages of



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Objectives:

- Define entrepreneurship.
- Identify characteristics, aptitudes, and skills of successful entrepreneurs.
- Describe careers you would like to be involved in during your lifetime.
- Compare the advantages of owning a business versus working for someone.
- Establish the importance of setting goals.
- Assess your aptitudes and skills.
- Assess your potential to become an entrepreneur.

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INSTRUCTOR GUIDE

Unit 1

Your Potential as an Entrepreneur

Level 1

HOW TO USE PACE

- Use the objectives as a pretest. If a student is able to meet the objectives, ask him or her to read and respond to the assessment questions in the back of the module.
- Duplicate the glossary from the *Resource Guide* to use as a handout.
- Use the teaching outlines provided in the *Instructor Guide* for assistance in focusing your teaching delivery. The left side of each outline page lists objectives with the corresponding headings (margin questions) from the unit. Space is provided for you to add your own suggestions. Try to increase student involvement in as many ways as possible to foster an interactive learning process.
- When your students are ready to do the *Activities*, assist them in selecting those that you feel would be the most beneficial to their growth in entrepreneurship.
- Assess your students on the unit content when they indicate they are ready. You may choose written or verbal assessments according to the situation. Model responses are provided for each module of each unit. While these are suggested responses, others may be equally valid.

Objectives	Teaching Suggestions
1. DEFINE ENTREPRENEURSHIP	
What is entrepreneurship?	The instructor should open the discussion by explaining the concepts of entrepreneurship and entrepreneur. Assess the importance of entrepreneurship in American society.
How does entrepreneurship benefit the American economy?	From a historical perspective stress the importance of entrepreneurship on American society. Ask students to give examples of famous American entrepreneurs whose innovations became revolutionary for the American economy.
Can entrepreneurship be learned?	Further previous discussion by using famous entrepreneur's examples.
How do people's needs relate to entrepreneurship?	Refer to above suggestion.
Is entrepreneurship only about profit?	Lead students in a discussion on what motivates entrepreneurs. Guide the discussion toward profit motive and achievement needs.
2. IDENTIFY CHARACTERISTICS, APTITUDES, AND SKILLS OF SUCCESSFUL ENTREPRENEUR	
What are the characteristics of successful entrepreneurs?	Create a chart listing characteristics of successful entrepreneurs. Have students comment on these characteristics.
What aptitudes/skills does the entrepreneur need?	List aptitudes/skills of successful entrepreneurs. The instructor could also distribute a simple aptitude assessment tool.
Why is vision important to entrepreneurs?	Look for articles in your local newspaper or magazines (e.g., INC, Entrepreneurship, Entrepreneur, Business Week, etc.) which present successful entrepreneurs. After you briefly present the article, have students identify the vision of the entrepreneur (e.g., introduction of a new product, attach new features to a service, find a niche in a competitive market for a product/service, etc.)
How can you learn about owning a business?	Describe the methods used in learning how to become an entrepreneur. Have students add their own thoughts on how entrepreneurs can learn more about owning a business.
3. DESCRIBE CAREERS YOU WOULD LIKE TO BE INVOLVED IN DURING YOUR LIFETIME	
Why do people start their own businesses?	Divide the chalkboard or overhead into two columns. Help students list active and reactive reasons why people become entrepreneurs. Encourage creativity in adding to the list.

Objectives	Teaching Suggestions
4. COMPARE THE ADVANTAGES OF OWNING A BUSINESS VERSUS WORKING FOR SOMEONE	
What are the advantages of being an employee?	Lead students in a discussion about the advantages of working for someone else.
What are the disadvantages of being an employee?	Refer to above suggestion.
What are the advantages of self-employment?	Continue the previous discussion by assessing advantages of self-employment. Address the unemployment and economic cycle issues to make students understand why self-employment may be a solution to job and financial security.
What are the disadvantages of self-employment?	Consider other macroeconomic factors previously mentioned which could work against entrepreneurs.
5. ESTABLISH THE IMPORTANCE OF SETTING GOALS	
How important is goal setting to the entrepreneur?	The instructor should explain why goal setting is critical. Then students should extend the discussion and express their opinions on why goal setting is important to entrepreneurs.
6. ASSESS YOUR APTITUDES AND SKILLS	
Why is it important to assess your characteristics, aptitude, and skills as an entrepreneur?	Again, a simple self-assessment exercise would be helpful. Stress the importance of self-assessment in helping individuals to improve themselves and to reach their goals.
7. ASSESS YOUR POTENTIAL TO BECOME AN ENTREPRENEUR	
What are the final ingredients to be an entrepreneur?	Conclude the discussion by reviewing factors relating to success in entrepreneurship.

MODEL ASSESSMENT RESPONSES

1. Entrepreneurship is the element of the American economic system that produces tomorrow's goods and services, in anticipation of future market needs, at some risk, and for profit to the entrepreneur.

2. Successful entrepreneurship requires the introduction of new products and services to satisfy existing market needs or create potential new market demand.

3. Some characteristics exhibited in many entrepreneurs are: desire to achieve, hard working, risk-taker, strong leadership, tough mindedness, and flexibility.

4. Advantages of owning a business include: possibility of earning more money, independence and personal freedom, satisfaction of personal need to achieve recognition, ability to utilize creativity and inventiveness.

5. Some of the disadvantages of being self-employed are: taking risks involved with running a business, working long hours, complying with government regulations and standard business practices, finding the capital to start the business, and staffing-related problems.

6. Being an employee is advantageous because working for somebody is more often times safer than being self-employed. You can rely on a reasonably safe income and regular hours. Also, you are not personally liable for the business. Usually, you are paid for working overtime (if hourly), and have paid vacations and fringe benefits.

   On the other hand, there are some disadvantages of standard employment, such as restricted salary increases, risk of being laid off during economic recessions, mandatory retirement, etc.

7. Goal setting provides you with both short-term and long-term guidance throughout your career. Setting your goals in advance will help you focus your efforts to achieve. You should modify your goals as you learn from your experiences and those of others.

PACE
THIRD EDITION

Program for Acquiring Competence in Entrepreneurship

Incorporates the needed competencies for creating and operating a small business at three levels of learning, with experiences and outcomes becoming progressively more advanced.

Level 1 — Understanding the creation and operation of a business.
Level 2 — Planning for a business in your future.
Level 3 — Starting and managing your own business.

Self-contained **Student Modules** include: specific objectives, questions supporting the objectives, complete content in form of answers to the questions, case studies, individual activities, group activities, module assessment references. **Instructor Guides** include the full text of each student module and lesson plans, instructional suggestions, and other resources. **PACE, Third Edition, Resource Guide** includes teaching strategies, references, glossary of terms, and a directory of entrepreneurship assistance organizations.

For information on PACE or to order, contact the Publications Department at the
Center on Education and Training for Employment, 1900 Kenny Road, Columbus, Ohio 43210-1090
(614) 292-4353, (800) 848-4815.

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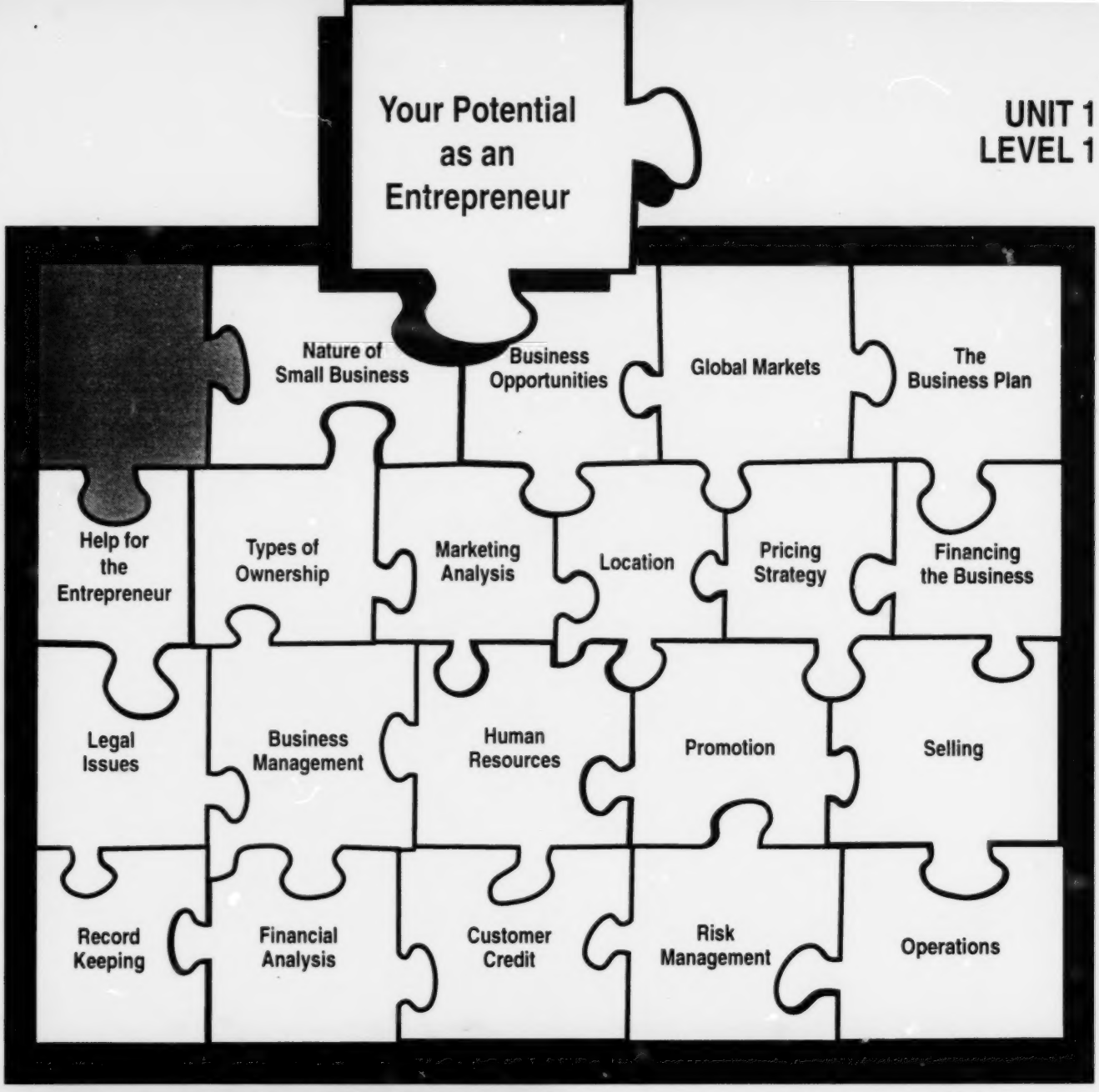

UNIT 1
LEVEL 1

PACE
THIRD EDITION

Program for Acquiring Competence in Entrepreneurship

CENTER ON EDUCATION AND TRAINING FOR EMPLOYMENT
COLLEGE OF EDUCATION
THE OHIO STATE UNIVERSITY

Research & Development Series No. 301-01

YOUR POTENTIAL AS AN ENTREPRENEUR

BEFORE YOU BEGIN . . .

1. Consult the *Resource Guide* for instructions if this is your first PACE unit.

2. Read What are the Objectives for this Unit on the following page. If you think you can meet these objectives now, consult your instructor.

3. Look for these business terms as you read this unit. If you need help with the meanings, ask your instructor for a copy of the PACE Glossary contained in the *Resource Guide*.

   Capital
   Economy
   Entrepreneur
   Entrepreneurial aptitude/skills
   Entrepreneurship
   Marketplace
   Networking
   Technical assistance
   Vision
   Working capital

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YOUR POTENTIAL AS AN ENTREPRENEUR

WHAT ARE THE OBJECTIVES FOR THIS UNIT?

Upon completion of this unit you will be able to—

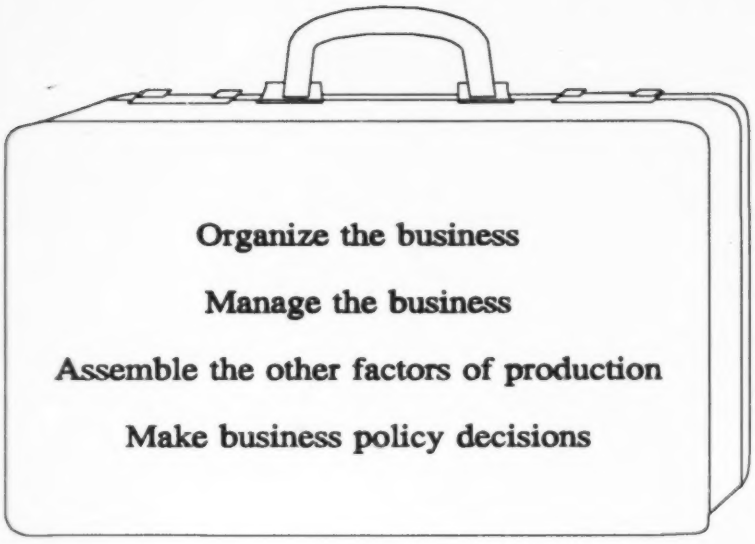
- define entrepreneurship,
- identify characteristics, aptitudes, and skills of successful entrepreneurs,
- describe careers you would like to be involved in during your lifetime,
- compare the advantages of owning a business versus working for someone,
- establish the importance of setting goals,
- assess your aptitudes and skills, and
- assess your potential to become an entrepreneur.

WHAT IS THIS UNIT ABOUT?

The economy experiences growth when new resources, or factors of production, are put to work. The four basic factors of production are land, labor, capital and entrepreneurship. Just what is entrepreneurship? Do entrepreneurs have special skills? What are the advantages of working for oneself versus working for someone? This unit provides answers to these questions and others. Most importantly, this unit helps you examine your own characteristics, aptitudes, and skills in order to determine your potential to become an entrepreneur. Finally, the importance of goal setting is discussed.

WHAT IS ENTREPRENEURSHIP?

The word *entrepreneurship* comes from the French language and means to undertake. An *entrepreneur* in our society is an individual who undertakes all the risks related to



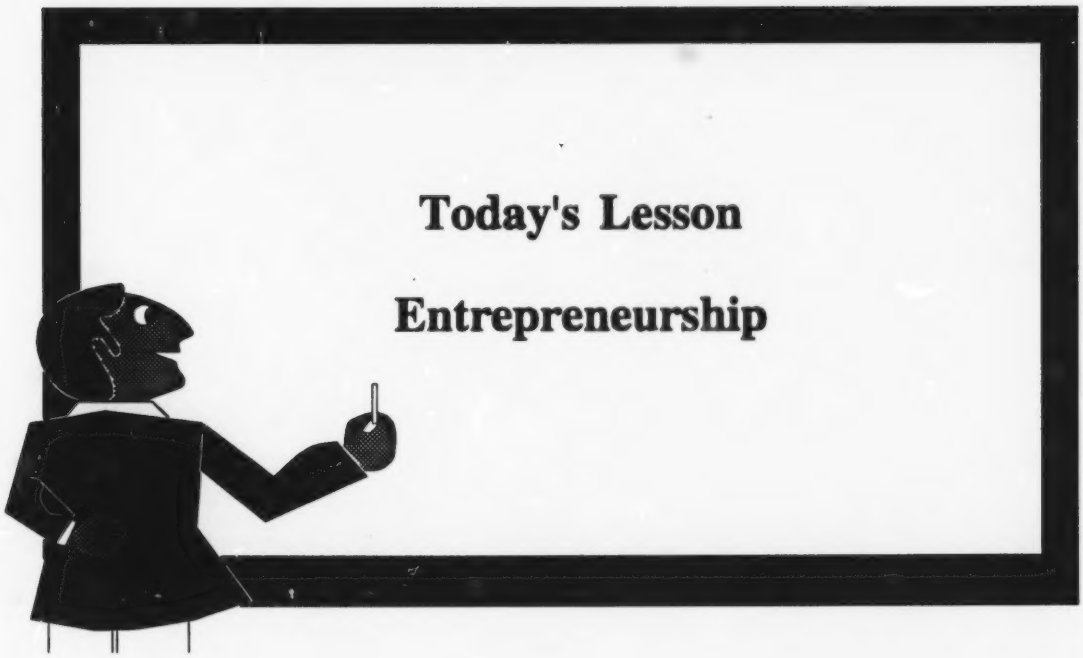
forming and operating a small business. This involves performing all business functions associated with a product or service and includes social responsibilities and legal requirements. Specifically, entrepreneurs—

- organize the businesses,
- manage the businesses,
- assemble the other factors of production, and
- make business policy decisions.

Entrepreneurship is a special element of the American economic system that determines tomorrow's needs and produces the goods and services to meet those needs. Entrepreneurs operate the small businesses (fewer than 500 employees) that employ more than half the workers in the United States. There is always a risk for entrepreneurs, because they can never be 100 percent sure about what the needs of the marketplace will be. This is why planning is very important to the entrepreneur.

HOW DOES ENTREPRENEURSHIP BENEFIT THE AMERICAN ECONOMY?

One of the best examples of an American entrepreneur is the inventor Thomas Edison. In 1878, Edison told people he would invent a light that would not use gas or flame, and in 1879 he invented the electric light bulb. He put on quite a show with the first light bulbs. Edison developed a special electric generator to power 40 light bulbs that he strung up with copper wires around his home town of Menlo Park. His demonstration was a huge success.



CAN ENTREPRENEURSHIP BE LEARNED?

Thomas Edison was a new kind of inventor. He did not work alone. He believed that invention required organization and planning. He worked with teams of people who followed a coordinated plan to turn out inventions just as regularly as a factory produces goods. Edison learned something from each of his team members. There are many resources available through organizations like the U.S. Small Business Administration that will help educate the entrepreneur. There is much to discover. As you learn more about the skills and knowledge needed to run a business, you should begin to assess your own potential as an entrepreneur.

HOW DO PEOPLE'S NEEDS RELATE TO ENTREPRENEURSHIP?

Edison's first invention was a machine that recorded votes via telegraph. He decided to invent the machine when he discovered that it took a long time for Congressmen to count the votes by hand. The voting machine let Congressmen register votes simply by pressing a button. However, Congress didn't "buy" his machine; they liked doing things

the old way. So from then on, Edison made sure that people really wanted his inventions before he spent time and money developing them. He invented for the *marketplace*.

One of the most important elements of being a successful entrepreneur is the ability to anticipate whether or not the marketplace will buy a product or service. In other words, entrepreneurs must be able to ascertain whether or not people will buy what they have to sell.

IS ENTREPRENEURSHIP ONLY ABOUT PROFIT?

Because entrepreneurs must always keep in mind that they will fail if they do not make a profit, it sometimes seems that their only motivator is money. Just because they are concerned with money does not mean that they do not have a social conscience. American capitalism is our country's way of satisfying everyone's basic needs for food, shelter, and clothing. But when these needs are met, people find that they also have other needs—that is, protection, serviceable roads, transportation, education, better health, entertainment, a better environment, and the list goes on and on. When these higher needs are expressed, entrepreneurs must attempt to meet them.

The needs of the marketplace are dictated by the development of a nation and the prosperity of its people. Today's and tomorrow's entrepreneurs must anticipate changing needs in the marketplace if they are to be successful. And, the well being of our nation, now and in the future, depends on how healthy our economy is.

WHAT ARE THE CHARACTERISTICS OF SUCCESSFUL ENTREPRENEURS?

The common characteristics of successful entrepreneurs have been studied by many experts. Some of these characteristics are as follows:

- **ACHIEVEMENT ORIENTED.** Almost without exception, successful entrepreneurs are highly motivated to achieve. They tend to be doers and are often very competitive.

- **HARD WORKING.** Starting a business is hard work. Without the willingness to work hard, success comes very slowly, if at all.

- **NON-CONFORMIST.** Entrepreneurs tend to be independent persons who want to set their own goals.

- **STRONG LEADERSHIP.** Starting a small business is full of uncertainty and risk. To make it through these tough, early days, entrepreneurs must have strong leadership skills.

- **TOUGH MINDED.** Entrepreneurs must be able to make and stick by decisions that are based on some amount of intuition. Tough-minded entrepreneurs are

not frightened by the unknown. They lead the way for the rest.

- **SELF-CONFIDENT**. Entrepreneurs need to be self-confident in the decisions they make. Self-confident entrepreneurs feel that their decisions are probably right—but if not, adjustments can make it work.

- **RISK-TAKER**. Entrepreneurs feel that results are controllable, not strictly up to chance. They must be willing to take "reasonable" risks.

- **FLEXIBLE**. Entrepreneurs need to be flexible in order to meet changing goals, pressures, technologies, and competition. Entrepreneurs feel that their own flexibility will allow a chance to change things if decisions turn out badly.

- **GOAL-SETTER**. Entrepreneurs envision the future possibilities and recognize the results of today's efforts.

- **ENTHUSIASTIC**. Enthusiasm helps successful entrepreneurs maintain the level of creative thinking and focused activity necessary to carry out goals successfully.

- **OPTIMISTIC**. An optimistic outlook allows entrepreneurs to see potential benefits in negative situations. Entrepreneurs don't dwell on the negatives. They focus on the positive possibilities in every situation.

- **RESOURCEFUL**. Entrepreneurs are able to accomplish a lot by combining limited resources and ingenuity.

- **INDEPENDENCE**. Persons who own and operate their own businesses often are looking for the freedom to make their own decisions.

Many experts quickly point out that any formula for entrepreneurial success *must* contain *vision*, or the ability to see what might be. In addition, owners of small businesses should look for opportunities to improve their knowledge in these specific areas:

- Problem solving

- Decision making

- Human relations

- Team building

- Networking

The success of any business is directly connected to knowledge and skills in these and other areas. As the marketplace continually changes you will find that the skills and knowledge that will be required will also change. You must be alert to these changes. Remember, knowledge is power.

WHAT APTITUDES/SKILLS DOES THE ENTREPRENEUR NEED?

Aptitudes are the natural abilities or talents that people have to do certain things. Some examples of aptitudes that entrepreneurs find helpful are as follows:

- Verbal and nonverbal communication skills (written or spoken words or actions that communicate ideas, emotions, or events). Making a speech at a class or club, acting in a play, and hugging a friend are all methods of communication.

- Verbal comprehension skills (understanding the meanings of ideas or emotions in verbal or nonverbal communication). Listening and reacting to a friend's problem, discussing politics, and trying to sell neighbors on your abilities to mow their lawns are examples of verbal comprehension.

- Logic (applying reason or logic to problems). Solving a math problem or measuring the fabric available and deciding if there is enough to make a skirt are examples of logical abilities.

- Artistic skills (creativity, using artistic talents, using musical talents, using dramatic talents). Being able to draw, write poetry, arrange flowers, play a musical instrument, take photographs, sing, or design an outfit are all uses of artistic talents.

- Mechanical skills (understanding relationships between parts of machines, making things work). Fixing the motor of an automobile, putting a radio back together, unjamming a sewing machine, and driving a car all use mechanical ability.

- Numerical understanding (working with numbers). Solving math problems, determining how many miles a car travels per gallon of gasoline, or doubling a recipe to feed eight instead of four are examples of numerical abilities.

- Clerical skills (arranging and recording number and letter combinations). Alphabetizing or putting items in a special order, filing, typing, and word processing are all clerical skills.

- Spacial understanding (understanding how parts of things fit together, multidimensional). Being able to put together a jigsaw puzzle, rearranging furniture attractively in a room, and putting together a model airplane all use spacial understanding.

- Physical skills (bodily strength and coordination, manual dexterity). Lifting weights, enjoying aerobic exercise, moving furniture, and hanging up pictures in a straight line all use physical skills.

- Organizational skills (planning, implementing, evaluating). Planning a party or conducting a meeting makes use of organizational skills.

- Intellectual abilities (original thinking, seeking knowledge, thinking ahead). Reading a mystery novel and deciding "the butler did it," studying for an exam, and analyzing the problem in repairing a car are examples of using intellectual skills.

No one has all of these aptitudes/skills, and no one aptitude/skill is required to be a successful entrepreneur. It is important for each would-be entrepreneur to identify his or her special talents and consider developing a business that uses these talents. Weaknesses a would-be entrepreneur might have can be supplemented by hiring others who have those skills and abilities, or by taking advantage of available *technical assistance*.

WHY IS VISION IMPORTANT TO ENTREPRENEURS?

Most entrepreneurs are visionaries, that is, they have the ability to see what might be. It is important for the entrepreneur to be able to identify potential business needs. This *vision* fuels the entrepreneur's passion, sustains optimism and energy, and provides a foundation on which to build. Studies have shown that the fastest growing businesses are future- and goal-oriented.

HOW CAN YOU LEARN ABOUT OWNING A BUSINESS?

If you have decided that going into business is a possible career choice for you, the first step is to find out as much as you can about entrepreneurship. You can begin by looking around your neighborhood and investigating the successful and not-so-successful businesses. You might ask how long they have been in operation. Do they seem to be doing well? Are they making a profit or are they just hanging on?

Typically, successful entrepreneurs have had prior work experience. For instance, persons going into landscaping might have prior experience working in a nursery where they learned about seeding, watering, cutting, and

light requirements for different types of plants.

What kind of business would you like to own? Do you believe you have some special qualities or knowledge that will make this business a success? What are your reasons for wanting to go into business? Following are some of the reasons why people start their own businesses and the advantages and disadvantages on both sides of the issue to help you decide.

WHY DO PEOPLE START THEIR OWN BUSINESSES?

Noted business professor and entrepreneur Bill Stolze, (Startup: An Entrepreneur's Guide, 1992) divides the reasons people start a business into two broad categories. They are the *reactive reasons* and the *active reasons*.

Reactive Reasons:

- Promotion and Salary Policy. The entrepreneur wants rewards based on accomplishment not seniority.

- Adversity. Problems experienced by the current employer limit future prospects and opportunities. Examples include sudden or unexpected unemployment; out of school; military service, or jail; and loss of support system due to divorce or death.

- Red Tape And Politics. These are shortcomings of all large organizations and are difficult for most entrepreneurs to accept.

- Strong Belief in a Product or Idea. Faith and self-confidence are often a springboard to entrepreneurship.

Active Reasons:

- To Be Your Own Boss. Many entrepreneurs have personality traits that make it difficult for them to work for others.

- Fame and Recognition. Some, but certainly not all, entrepreneurs feel that this is an important reason to start a business.

- Personal Financial Gain. Gains are potentially greater and much quicker than when working for someone else. On the other hand, the risk is also greater.

- Joy of Winning. Entrepreneurs are the ultimate achievers. They like to win.

When people consider career options they should recognize the option to create their own jobs. There are many paths that lead to this option. Choices that people often make that lead to business start-up are as follows:

- To start a business right after graduating from high school, technical school, community college, or a university.

- To start a part-time business with no intentions of ever working full-time.
- To start a business and when it becomes successful, quit your present job.
- To work for someone with the intent of starting your own business once you become experienced.
- Begin a hobby that later becomes a business.
- To work for an employer who later will sell you the business.
- To develop your own clients while employed.
- To use entrepreneurial skills to become a better employee.

WHAT ARE THE ADVANTAGES OF BEING AN EMPLOYEE?

Being employed or working for someone else does have some advantages. For one thing, it is generally safer to be a salaried employee. As an employee you will probably have less personal financial responsibility or risk. If the business has debts, you will not lose your personal savings—because you are not responsible for the debts.

Many employees put in regular hours and are paid overtime if extra work is required. Not all employees, of course, work regular hours; many put in time over and beyond the job's working hours. However, most employees are guaranteed vacation time and such fringe benefits as life insurance and health plans. Generally speaking, they can count on a somewhat stable lifestyle. They have a fairly good idea of what their income will be from year to year, as well as what the job requirements will be.

WHAT ARE THE DISADVANTAGES OF BEING AN EMPLOYEE?

Being a salaried employee also has disadvantages. Advances in salary become limited. By the time many people reach the middle of their careers, they are at the top of the salary scale. In some careers, the older, more experienced, higher-paid employees may be laid off during a recession, whereas younger, "less-expensive" employees are hired. Top management personnel in the defense industry lost their jobs in the early 1990s when their industry experienced major cutbacks. In industries governed by union contracts, all the low seniority employees may be laid off during a recession when there is not enough work. Companies may relocate and require employees to make job transfers. The concept of mandatory retirement may also be a disadvantage to the capable, if not physically young, worker.

12

WHAT ARE THE ADVANTAGES OF SELF-EMPLOYMENT?

Self-employment has many advantages. The possibility of making money is an overwhelming reason that many people start their own business. There is a chance to make a profit while doing something you enjoy. Once the business has been successfully established, there is a degree of financial security. In fact, statistics show that the lifetime earnings of most employees are less than the lifetime earnings of most successful entrepreneurs. There is also a lot of personal freedom that comes from being able to make decisions that directly affect your own destiny.

WHAT ARE THE DISADVANTAGES OF SELF-EMPLOYMENT?

If you talk to entrepreneurs in your community, they can easily tell you some of the disadvantages of self-employment. The risk involved in owning a business may cause real headaches. Economic failure is, of course, the biggest risk of all, and is the greatest disadvantage of self-employment. Competition is another factor to consider. Complying with government regulations and standard business practices, working longer, unpaid hours, finding the capital to start a business, and staffing are other possible disadvantages.

HOW IMPORTANT IS GOAL SETTING TO THE ENTREPRENEUR?

Goal setting is important whether you decide to start your own business or to work for someone else. Goals serve as "lighthouses" guiding you on your "career voyage." Setting goals helps you focus your efforts. When determining how to invest your time and energy, you should always be working toward reaching your goals. Goal-directed entrepreneurs tend to be *opportunistic* about how they reach their goals. There are several types of goals to think about.

In planning your future, you should set long-term goals. These goals should take 5-10 years to reach. An example is to manage an auto parts store in 5 years and own one in 10. After setting long-term goals, you should set short-term goals—achievements that will support the long-term goals. Accomplishing the short-term goals results in reaching the long-term goals. For instance, in order to become a manager at an auto parts store, you may have to graduate from high school, take some business classes, and gain experience working as a parts salesperson. See Figure 1 for an example of long- and short-term goals.

Both personal and career goals are important. Personal goals, such as conquering the fear of public speaking or learning how to write a business letter, will benefit you in many areas of your life regardless of what career you choose. But being able to do these things will increase your career options. Any goal that result in personal improvement will pay off sooner or later. A

specific career goal, such as "owning my own restaurant," can help in making education and job choices. For instance, if this were your goal, you might decide to take business management and food service classes at the community college and work as a server at a local restaurant.

It is important to realize that as you gain life experiences—job, educational, and social—you will obtain new information about yourself and the world around you that will lead you to update and alter your goals. It is important to set both long-term and short-term goals early. Also, do not be distressed when you discover you have changed your mind and as a result you need to change your goals. This is natural and necessary.

The only way to grow to your full potential as an entrepreneur is to set your goals high. Be sure, however, that your goals are realistically attainable. If your goals are impossible to achieve, you will experience unnecessary disappointment.

WHY IS IT IMPORTANT TO ASSESS YOUR CHARACTERISTICS, APTITUDE, AND SKILLS AS AN ENTREPRENEUR?

As mentioned earlier in this unit, going into business for yourself has a certain amount of personal and professional risk. It is critical for the small business person to enter into the process with his/her eyes wide open to what it will take to be successful. It is helpful for an entrepreneur to realistically assess his or her own potential to own a business. This knowledge about your own abilities will help direct the search for experience, training, and technical support.

The success of a business depends on how well the entrepreneur performs. Performance is a combination of abilities and skills. If you seem to lack any of the necessary skills and abilities, you should not be discouraged. You may be able to fill the gaps through either training or self-discipline.

LONG-TERM GOAL	PURCHASE MY OWN BUSINESS
SHORT-TERM GOALS	1. WRITE A BUSINESS PLAN 2. SAVE MONEY FOR A DOWN PAYMENT 3. HIRE NECESSARY STAFF 4. LINE UP SUPPLIERS AND TECHNICAL ASSISTANCE 5. OBTAIN FINANCING 6. CONTACT REALTORS TO CHOOSE LOCATION

Figure 1. Example of long- and short-term goals

However, as stated earlier, the chances of being successful as an entrepreneur are greater if skills and experiences are used. Starting a business in an area of interest is valuable for two reasons. First, the expertise brought to the business becomes the business' cornerstone. Second, because of the long hours often needed to manage a business, the entrepreneur is a step ahead if he or she truly enjoys what he or she is doing. Whether the business is service- or product-oriented, the needed energy is more easily generated if the work is truly a "labor of love."

Self-assessment is the first and most important step toward owning your own business. It will take some time and effort on your part, but it will provide you with valuable information about what you have and what you need to have.

WHAT ARE THE FINAL INGREDIENTS TO BE AN ENTREPRENEUR?

Having the right skills, aptitudes and personality certainly help ensure an entrepreneur's success. But this is not enough. To get started entrepreneurs also need marketable ideas, opportunities to try these ideas, support from the right people, and money to finance the business.

Every successful business starts with an idea for a new or improved product or service that satisfies a need currently unmet. Even if the entrepreneur is talented and has a good idea, he or she still has to find or make the opportunity to try the idea out.

Often to get bankers, suppliers and other parties to take a risk on a new business idea, the entrepreneur may need an *endorsement*. Contacts with people who know people in the business community can open doors. Making and nurturing these contacts is called *networking* (see Unit 6 for more on networking). Networking can be the key to the continued success of the entrepreneur.

Finally, almost every business requires capital or investment money to get started. Without adequate money to invest in equipment, inventory, office space, working capital, and so on, a business is not likely to get off the ground.

ACTIVITIES

The following activities are designed to help you apply what you have learned in this unit.

INDIVIDUAL ACTIVITIES

A.

On a sheet of paper list 10 products or services with which you are familiar that were envisioned, designed, manufactured, and brought to the marketplace to satisfy a specific need. For each, tell why you think it is successful.

B.

Make a list of products you would like to invent and market. Give a short reason for each. Try to come up with at least three ideas.

C.

Do you have what it takes to be an entrepreneur? On a sheet of paper, skipping a line between each, copy the list of entrepreneurial characteristics presented in this unit. Next to each characteristic write a number between 1 and 4 with 1 indicating "most like me" and 4 indicating "least like me." This activity will help you understand your strengths as well as areas where you may need to seek help from others.

GROUP ACTIVITIES

A.

Invite a local entrepreneur to speak to the class about his or her experience in starting their own business. If the entrepreneur has previously worked for someone else, ask the person to compare being self-employed to being an employee. As a class, prepare a list of questions to ask your guest.

B.

BRAINSTORMING

Work in teams of four to six. Each team, after a discussion about the business need of the community, will develop a report describing the kind of business they would start. Each team selects one person as the "owner" of the business and assigns the other members the task of managing specific functions in the business—production, sales, marketing, customer service, or distribution. The business owner asks for ideas from each job function manager that will improve chances for making a profit. Each company owner makes a 5-minute presentation to the class on the nature of the business and the team's ideas for making a profit. The class votes on the venture "most likely to succeed".

16

CASE STUDY

Here is an example of how goal attainment helped Brian Beining become the proud owner of Buckeye Exterminating and Fumigation. By tracing Brian's career path one gains insight into the importance of goal setting. Brian's interest in entomology began as a hobby at the age 9 and continued to grow throughout his high school years. Many of his leadership skills were learned in his high school vocational agriculture program. As an FFA member, he won numerous awards for entomology judging, community service and parliamentary procedure.

After completing high school, Brian worked for 4 years in the pest control industry. This additional experience gave him what he needed to go into to business for himself. When in high school, Brian did not know that one day he would own his own pest control business. However, by setting and completing short-term goals, he was able to envision opportunities that he couldn't even imagine at age 9.

DISCUSSION QUESTIONS

1. Do you think Brian had a good plan? See if you can name Brian's short- and long-term goals. Can you see how Brian's goals related to his plan to start his own business? Think of how you might use Brian's story as a model for setting your own career goals.

2. Explain why it is helpful to use skills you currently have when establishing your long-term goals.

ASSESSMENT

Read the following questions to check your knowledge of the topics presented in this unit. When you feel prepared, ask your instructor to assess your competency on them.

1. What is entrepreneurship?
2. How is entrepreneurship linked with the needs of the marketplace?
3. What three types of skills are needed to run a company successfully?
4. List four characteristics exhibited in many entrepreneurs.
5. What are some of the advantages of owning your own business?
6. What are some of the disadvantages of self-employment?
7. What are some of the advantages and disadvantages of being an employee?
8. Describe the importance of goal setting for the entrepreneur.

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PACE

⇨ Unit 1. Your Potential as An Entrepreneur
Unit 2. The Nature of the Small Business
Unit 3. Business Opportunities
Unit 4. Global Markets
Unit 5. The Business Plan
Unit 6. Help for the Entrepreneur
Unit 7 Types of Ownership
Unit 8. Marketing Analysis
Unit 9. Location
Unit 10. Pricing Strategy
Unit 11. Financing the Business
Unit 12. Legal Issues
Unit 13. Business Management
Unit 14. Human Resources
Unit 15. Promotion
Unit 16. Selling
Unit 17. Record Keeping
Unit 18. Financial Analysis
Unit 19. Customer Credit
Unit 20. Risk Management
Unit 21. Operations
Resource Guide
Instructor's Guide

Units on the above entrepreneurship topics are available at the following levels:

* Level 1 helps you understand the creation and operation of a business
* Level 2 prepares you to plan for a business in your future
* Level 3 guides you in starting and managing your own business